



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

**MEDIA ADVISORY**

June 14, 2004

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**AT URGING OF CALIFORNIA TREASURER ANGELIDES, CALPERS CALLS ON  
MILITARY CONTRACTOR CACI INTERNATIONAL, INC. TO MEET WITH  
PENSION FUND BOARD AND ANSWER QUESTIONS REGARDING ALLEGED  
INVOLVEMENT IN TORTURE AND ABUSE OF IRAQI PRISONERS**

SACRAMENTO, CA – At the urging of California Treasurer Phil Angelides, the California Public Employees' Retirement System (CalPERS) – the nation's largest public pension fund – announced today that it will send a letter to officials of CACI International, Inc., asking them to come to California and answer CalPERS' questions regarding the company's involvement as a military contractor in the alleged torture and abuse of Iraqi prisoners at Abu Ghraib prison in Iraq.

In addition, CalPERS will ask CACI officials to respond in writing to a series of questions about what CACI's executives and its board knew and when they knew it, concerning the alleged abuse in Iraq. The questions are based on those that Angelides raised in a June 8 letter to CalPERS and the California State Teachers' Retirement System (CalSTRS) – the nation's third-largest public pension fund – when he called on the two pension funds to “take all actions necessary to protect the California public's holdings in this firm; assure that those at CACI, even at the highest levels, are held accountable for the company's role in the disturbing events at Abu Ghraib; and seek reforms to keep the company from again being put at risk.” CalPERS and CalSTRS own a combined 286,982 shares of CACI.

In a June 13 letter to CalPERS officials, a CACI official said the company would “make ourselves available to officials from the state.” CACI officials will be invited to appear at the next meeting of the CalPERS Investment Committee, which is scheduled for August 16.

**NOTE: A copy of the Treasurer's letter can be viewed on the Treasurer's Office website, at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).**



PHILIP ANGELIDES  
Treasurer  
State of California

June 8, 2004

Mr. Rob Feckner  
Chair, Investment Committee  
California Public Employees' Retirement System  
Lincoln Plaza  
400 P Street  
Sacramento, CA 95814

Mr. Gary Lynes  
Chair, Investment Committee  
California State Teachers' Retirement System  
7667 Folsom Boulevard  
Sacramento, CA 95826

Dear Mssrs. Feckner and Lynes:

Currently, the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) own, through their stock holdings mirroring broad market indexes, 286,982 shares of CACI International Inc., a publicly traded company headquartered in Arlington, Virginia. According to press reports and company statements, CACI, a military contractor, is currently under investigation by five federal agencies for its alleged involvement in the torture and abuse of Iraqi prisoners held in the Abu Ghraib prison in Iraq.

If those allegations are true, CACI has engaged in unacceptable corporate conduct that has damaged America's standing in the world and put U.S. military personnel in greater danger. Moreover, the revelation of CACI's contract with the U.S. military for interrogation services at Abu Ghraib, and the finding of an Army report that a CACI interrogator instructed military police officers to treat prisoners in ways that "equated to physical abuse," have put the company, which derives more than 90 percent of its business from government contracts, at risk of losing a significant share of its revenue. Since CACI's role at Abu Ghraib was first revealed on April 30, 2004, the company's share price has dropped from \$45.50 to \$39.18 on June 8—a decline of 14 percent—and Standard & Poor's has changed its outlook on the company to "negative." Indeed, the stock price on June 8 was 26 percent below the high of \$53 in December 2003.

Because the pension funds are long-term investors, their interest, and the public's, is to see that companies in their portfolios are governed to achieve long-term positive financial returns for the

funds. I am writing to urge that CalPERS and CalSTRS take all actions necessary to protect the California public's holdings in this firm; assure that those at CACI, even at the highest levels, are held accountable for the company's role in the disturbing events at Abu Ghraib; and seek reforms to keep the company from again being put at risk.

CACI's disclosures to investors and the U.S. Securities and Exchange Commission describe the firm's business as providing information technology and network solutions to military, intelligence and e-government problems. But in August 2003, CACI contracted with the U.S. Army, under a blanket purchase agreement for IT services managed by the U.S. Department of Interior, for a new line of business: providing interrogators to be deployed to Abu Ghraib prison.

Mr. Steven A. Stefanowicz, one of the persons hired by CACI as an interrogator, arrived at Abu Ghraib in October, at a time that coincides, according to press reports, with the first in the series of ugly photographs of abused prisoners that have recently been made public. In his official report on the torture, Army Major General Antonio M. Taguba recommended that Mr. Stefanowicz be reprimanded, fired, and denied his security clearances, for lying to the investigating team. He "allowed and/or instructed MPs, who were not trained in interrogation techniques, to facilitate interrogations by 'setting conditions' which were neither authorized and in accordance with applicable regulations/policy. He clearly knew his instructions equated to physical abuse." To date, CACI has taken no action on these recommendations.

The Taguba report and subsequent press accounts raise substantial questions about whether CACI's management took adequate care to protect against alleged conduct that has damaged shareholders, endangered the lives of U.S. military personnel in Iraq, betrayed America's core values and violated the standards of the civilized world. I am deeply troubled by what I have learned of these events, and I urge CalPERS and CalSTRS to demand that CACI respond to these questions:

- Did CACI have in place sufficient training for its interrogators? The New York Times has reported that Mr. Stefanowicz, a junior Navy intelligence specialist who left the Navy in September 2003 to join CACI, had no military experience in interrogation. Other newspapers report that CACI hired interrogators sight unseen, after telephone interviews.
- What kind of management control did CACI have over its interrogators? CACI's advertisements for the positions describe the interrogators as likely to work "under minimal supervision." What contractual arrangements did CACI have with the U.S. Army to assure that the duties CACI employees performed conformed with law? Was the company aware of the alleged abuse at Abu Ghraib, and, if not, why not? At what point were members of the board of directors made aware of events there? On what basis did CACI's chief executive officer, Dr. J. P. London, conclude that Mr. Stefanowicz had done "a damn fine job," as he stated in a conference call last month with financial analysts?
- Did the company's legal counsel thoroughly review the legality of providing interrogation services through CACI's blanket purchase contract for information technology services

administered by the Department of Interior? What actions did CACI take to ensure that the company would not risk liability from potential legal actions that might be taken as a result of the abuse at Abu Ghraib?

- What disclosure did CACI make to board members, shareholders and market participants about its contract for interrogation services and the risks it entailed?

With the U.S. General Services Administration investigating CACI to determine whether the firm should be barred from future federal contracts, CACI's management has put CalPERS' and CalSTRS' investment in the firm at risk. The firm's own code of ethics states that, "At CACI we insist on taking full responsibility for ourselves as individuals. We are fully accountable for what we do."

I urge CalPERS and CalSTRS to place this matter on their investment committee agendas for immediate deliberation and action, so we may hold CACI's leadership accountable to that standard of responsibility, protect the funds' investment for the long term, and seek any necessary reforms to keep the funds' investment from again being put at risk.

Sincerely,



Phil Angelides  
State Treasurer

cc: Mr. Sean Harrigan  
President, CalPERS Board of Administration

Mr. Fred Buenrostro  
Chief Executive Officer, CalPERS

Mr. Jack Ehnes  
Chief Executive Officer, CalSTRS

Mr. Chris Ailman  
Chief Investment Officer, CalSTRS

Mr. Mark Anson  
Chief Investment Officer, CalPERS